

Honolulu, Hawaii

April 27, 2007

RE: S.B. No. 1284
S.D. 2
H.D. 2
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1284, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to establish a policy to enable the Employees' Retirement System (ERS) to eventually eliminate its unfunded liability.

The bill would:

- (1) Increase the state and county contributions to the ERS for all their employees;



- (2) Repeal one of three provisions allowed an adjustment of the employer contribution rates "if the period required to amortize the unfunded accrued liability falls below 25 years" and replaces it with "if there is no unfunded accrued liability";
- (3) Change the salary assumptions from an increase of four percent to assumptions adopted by the Board on the recommendation of the actuary; and
- (4) Prohibit benefit enhancements whenever an unfunded accrued liability exists.

Your Committee on Conference amended the bill by providing that a moratorium on benefit enhancements be from January 2, 2008 to January 2, 2011.

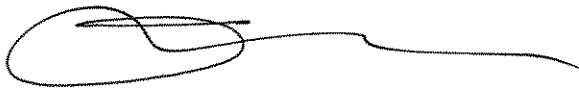
Your Committee on Conference further amended the bill by changing the effective date from July 1, 2059 to July 1, 2007.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1284, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1284, S.D. 2, H.D. 2, C.D. 1.

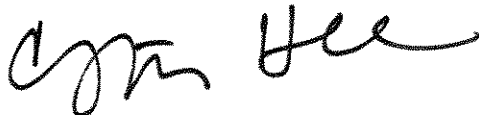
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



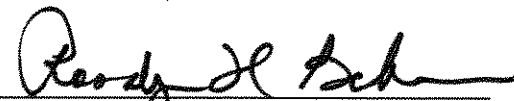
ALEX M. SONSON, Co-Chair



CLAYTON HEE, Chair



BOB NAKASONE, Co-Chair





ROSALYN H. BAKER, Co-Chair



Hawaii State Legislature

Record of Votes of a Conference Committee

| | | | | | | | | | | |
|---|---|---------------------------------------|---|---|---|---|-----------------------|---|-----------------|--|
| Bill / Concurrent Resolution No.: SB 1284, SD 2, HD 2 | | | | | Date/Time: 4/27/07 | | | | | |
| <input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD). | | | | | | | | | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision. | | | | | | | | | | |
| <input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure | | | | | <input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure. | | | | | |
| Senate Managers | A | WR | N | E | House Managers | A | WR | N | E | |
| HEE, Clayton, Chr. | / | | | | SONSON, Alex M., Co-Chr. | / | | | | |
| BAKER, Rosalyn H., Co-Chr. | / | | | | NAKASONE, Bob, Co-Chr. | / | | | | |
| KOKUBUN, Russell S. | / | | | / | MEYER, Colleen Rose | / | | | | |
| TSUTSUI, Shan S. | / | | | | | | | | | |
| GABBARD, Mike | / | | | | | | | | | |
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| TOTAL | 4 | | | 1 | TOTAL | 3 | | | | |
| A = Aye | | WR = Aye with Reservations | | | N = Nay | | E = Excused | | | |
| Senate Recommendation is: | | | | | House Recommendation is: | | | | | |
| <input type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | | <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | | |
| Senate Lead Chair's or Designee's Signature: | | | | | House Lead Chair's or Designee's Signature: | | | | | |
|  | | | | |  | | | | | |
| Distribution: | | Original | | | Yellow | | Pink | | Goldenrod | |
| | | File with Conference Committee Report | | | House Clerk's Office | | Senate Clerk's Office | | Drafting Agency | |